

Message Text

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44

ACTION ARA-20

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INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AID-20 COME-00 EB-11 FRB-03 TRSE-00

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DLOS-07 CG-00 DOTE-00 DRC-01 /209 W

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 7446

INFOO US MISSION GENEVA 329

USEC BRUSSELS 160

AMEMBASSY MEXICO

AMEMBASSY CARACAS

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AMEMBASSY ASUNCION

AMEMBASSY MONTEVIDEO

UNCLAS BUENOS AIRES 5529

E.O. 11652: N/A

TAGS: PFOR, PLOS, EGEN, AR, MX.

SUBJECT: ECONOMIC ASPECTS OF PRESIDENT ECHEVERRIA'S VISIT.

1. JOINT DECLARATION OF PRESIDENTS OF ARGENTINA AND MEXICO DEALT WITH A NUMBER OF ECONOMIC QUESTIONS. PARTICULAR EMPHASIS WAS ON SUPPORT FOR LATIN AMERICAN INTEGRATION. DECLARATION ADVOCATED REFORMING STRUCTURE OF LAFTA SO AS TO EVENTUALLY ARRIVE AT A LATIN AMERICAN COMMON MARKET. BOTH EXPRESSED INTENTION OF ESTABLISHING CLOSER RELATIONS WITH THE ANDEAN GROUP "AND OTHER SUBREGIONAL GROUPS". THEY ALSO AGREED ON FORMING BINATIONAL AND MULTINATIONAL LATIN AMERICAN FIRMS AS INSTRUMENTS OF LATIN AMERICAN

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INTEGRATION, AND STATED THAT "PREFERENTIAL CONDITIONS"

SHOULD BE GRANTED TO SUCH FIRMS.

2. DECLARATION GAVE SUPPORT TO SEVERAL LA SACRED COWS SUCH AS PERMANENT SOVEREIGNTY OVER NATURAL RESOURCES, SOVEREIGN RIGHTS OF STATES TO ENSURE THAT FOREIGN INVESTORS OBEY LAWS AND POLICIES OF HOST COUNTRY (ADDING THAT COUNTRY OF ORIGIN HAS RESPONSIBILITY FOR BEHAVIOUR OS MULTINATIONALS); JUST PRICES FOR LDCS' EXPORT PRODUCTS, BOTH RAW MATERIALS AND MANUFACTURES; IMPROVED TERMS OF TRADE FOR LCDS; AND THOROUGH REVISION OF WORLD ECONOMIC SYSTEM TO FAVOR LDCS.

3. THEY STATED THA MTN HAS EXCELLENT OPPORTUNITY TO INCREASE LDC PARTICIPATION IN WORLD TRADE, BUT ONLY IF LDCS ARE GRANTED DIFFERENTIAL TREATMENT, ARE NOT REQUIRED TO GIVE RECIPROCITY FOR CONCESSIONS THEY RECEIVE, AND IF MARGINS OF PREFERENCE ESTABLISHED BY GSPS ARE MAINTAINED.

4. THEY AGREED ON NECESSITY OF OBTAINING RECOGNITION OF RIGHTS OF COASTAL STATES OVER SEAS ADJACENT TO THEIR COASTS, UP TO A DISTANCE OF 200 MILES, WITHOUT AFFECTING FREEDOM OF NAVIGATION AND OVERFLIGHT IN ACCORDANCE WITH INTERNATIONAL RULES. THEY ALSO AGREED THAT COASTAL STATE SOVEREIGNTY EXTENDS TO THE OUTER EDGE OF THE CONTINENTAL SHELF EVEN WHEN IT IS MORE THAN 200 MILES FROM THE COAST. FURTHERMORE, THEY SAID THE COASTAL STATE SHOULD HAVE EXCLUSIVE RIGHTS TO EXPLORATION, RESEARCH, EXPLOITATION AND CONSERVATION OF RESOURCES OF ITS AREA.

5. MRS. PERON MANAGED TO SECURE PRESIDENT ECHEVERRIA'S AGREEMENT TO A STATEMENT IN THE JOINT DECLARATION SUPPORTING ARGENTINA'S POSITION IN ITS CONTROVERSY WITH BRAZIL OVER JOINT USE OF THE PARANA RIVER SYSTEM. THE TWO COUNTRIES AGREED THAT EXPLOITATION AND CONSERVATION OF NATURAL RESOURCES WHICH ARE SHARED BY TWO OR MORE STATES SHOULD BE CARRIED OUT EQUITABLY ON THE BASIS OF A "SYSTEM OF ADEQUATE PRIOR INFORMATION AND CONSULTATION."

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6. PRESIDENT ECHEVERRIA DID NOT SECURE PRESIDENT PERON'S AGREEMENT TO CREATE A PERMANENT LATIN AMERICAN ORGANIZATION FOR CONSULTATION AND COOPERATION IN THE ECONOMIC, SCIENTIFIC AND TECHNOLOGICAL AREAS. THE JOINT DECLARATION STATES THAT PRESIDENT PERON, AND SHE RECEIVED IT WITH GREAT INTEREST AND PROMISED TO STUDY IT.

7. THERE WAS CONSIDERABLE CONTRAST BETWEEN THE TWO SPEECHES
ON THE OCCASION OF THE SIGNING OF THE JOINT DECLARATION.
PRESIDENT PERON'S WAS SHORT AND CORDIAL, BUT WITH LITTLE
SUBSTANTIVE CONTENT, WHEREAS ECHEVERRIA'S WAS FULL OF
CALLS TO COMBAT "COLONIALISM",SUBJUGATION" AND
"DEPENDENCE". FOR EXAMPLE, "UNDERDEVELOPMENT IS THE
RESULT OF A SYSTEM ORGANIZATED TO BENEFIT THE POWERFUL
NATIONS. IT (UNDERDEVELOPMENT) IS THE OPPOSITE POLE
AND THE LOGICAL COUNTERPART OF SOCIETIES FOUNDED ON
OPULENCE, WASTE AND EXPLOITATION."
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